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**VIA First Class Mail and Email**

Brittany Havens, Legislative Clerk  
United States House of Representatives  
Committee on Energy and Commerce  
2125 Rayburn Home Office Building  
Washington, DC 20515  
Email: Brittany.havens@mail.house.gov

Dear Ms. Havens:

This answer is in response to the following inquiry of **The Hon. G.K. Butterfield** relating to the hearing of the Subcommittee on Oversight and Investigations held on November 14, 2013, entitled “The Impact of Patent Assertion Entities on Innovation and the Economy”:

1. Mr. Cheng, we’ve heard today about the high costs associated with settling patent disputes or going to trial. We have also heard from you and others that the cost of patent trolling can be passed on to customers.

a. How have abusive patent assertion entities impacted Newegg customers and your company’s ability to grow?

**Answer:**

Newegg customers have been deprived of the benefit of millions of dollars of funds, and thousands of hours of employee and executive time, that Newegg has had to use to defend itself against meritless patent assertions where the abusive asserters have targeted obtaining settlements based on the high cost of defense. Those funds and time could have been spent on hiring additional employees, building out business infrastructure and research and development aimed at improving customer experience and convenience. We have had to take time away from all of those societally beneficial activities to prove, in every instance, what we knew with a high level of certainty almost as soon as we received a claim or lawsuit: that the patents being asserted should not have been granted in the first place, and the claim of infringement was most likely without merit.

Newegg has never lost a patent lawsuit after appeal and we fight meritless claims because we believe that a pattern of settling for short term benefit and convenience would simply make us a more frequent target for other abusive patent asserters. We further believe that fighting meritless lawsuits is simply the right thing to do and a corporate duty—someone has to stand up, and to say no, to the abuse of patents and our legal system.

Sincerely,

/s/ Lee Cheng

Lee Cheng, Chief Legal Officer